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GARY FITZGERALD  
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DALLAS CO., TEXAS  
DEPUTY

SCA PROMOTIONS, INC.,

Plaintiff,

vs.

LANCE ARMSTRONG, TAILWIND  
SPORTS, INC., AND WILLIAM  
STAPLETON,

Defendants.

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IN THE DISTRICT COURT OF

116th F

\_\_\_\_ JUDICIAL DISTRICT

DALLAS COUNTY, TEXAS

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**PLAINTIFF'S ORIGINAL PETITION**

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Plaintiff SCA Promotions, Inc. ("SCA") files this Original Petition against Defendants Lance Armstrong, Tailwind Sports, Inc., and William Stapleton, and alleges as follows:

**I. INTRODUCTION**

1. SCA paid Lance Armstrong more than \$12 million in prize money because he was declared the "Official Winner" of the 2002, 2003 and 2004 Tour de France races. In connection with those payments and the resulting legal dispute with SCA, Mr. Armstrong and Tailwind Sports (his management company) made two critical representations *under oath*:

- *First*, that Mr. Armstrong had "never, ever" used performance enhancing drugs in his entire career, much less during the Tour de France races that SCA was paying him prize money for "winning." As Mr. Armstrong brazenly testified under oath in the SCA legal proceeding, *"I race the bike straight up fair and square."*
- *Second*, Defendants assured SCA and the panel of arbitrators who were presiding over the SCA/Armstrong legal dispute that if Mr. Armstrong had cheated and was subsequently stripped of Tour de France titles, he would be obligated to refund the prize money paid to him by SCA.

This lawsuit is being brought because the first statement was a deliberate lie perpetuated by Mr. Armstrong and his cohorts in order to win the Tour de France races and, now that he has

been exposed and stripped of those titles, it is time to make him live up to what he said in the second statement.

2. By now, everyone knows that Lance Armstrong perpetuated what may well be the most outrageous, cold-hearted and elaborate lie in the history of sports. While he lied to everyone, Lance Armstrong lied to SCA in shocking fashion: while testifying *under oath* in a legal proceeding. A sample:

### **Sworn Testimony of Lance Armstrong from November 30, 2005**



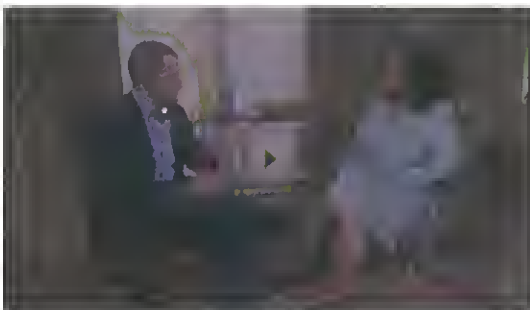
Q: (by Mr. Tillotson) You have never taken any performance-enhancing drug in connection with your cycling career?

A: (By Lance Armstrong) **Correct.**

Q: And that would include any substance that's ever been banned. Is that fair to say?

A: **Correct.**

### **Lance Armstrong's January 14, 2013 Interview with Oprah Winfrey**



Oprah Winfrey: Did you ever take banned substances to enhance your cycling performance?

Lance Armstrong: **Yes.**

OW: Was one of those banned substances EPO?

LA: **Yes.**

OW: Did you ever blood dope or use blood transfusions to enhance your cycling performance?

LA: **Yes.**

OW: Did you ever use any other banned substances such as testosterone, cortisone or Human Growth Hormone?

LA: **Yes.**

OW: In all seven of your Tour de France victories, did you ever take banned substances or blood dope?

LA: **Yes.**

3. Mr. Armstrong did more than just deny under oath that he used performance enhancing drugs. He and others (like Bill Stapleton) were stunningly ruthless in their efforts to maintain the fiction that Mr. Armstrong was a “clean” rider. Mr. Armstrong himself pressured and intimidated other riders and his own teammates into complying with a “code of silence” surrounding their doping activities. He used his overwhelming influence in the sport and marketplace to eliminate serious press scrutiny and negative reporting. He illegally and improperly sought to buy influence with regulatory officials by making or attempting to make cash contributions to them. He regularly cheated during event testing to avoid detection.

4. Even more brutally, Mr. Armstrong and his advisors attacked anyone who dared suggest that Mr. Armstrong might not be the “clean rider” he so loudly and publicly proclaimed he was. Their conduct was so outrageous that even Mr. Armstrong later described his own actions in this regard as his being a “bully,” and that innocent people got “run over.”

5. SCA was one of those viciously attacked by Mr. Armstrong when it first suggested that Mr. Armstrong may have cheated in connection with the 2004 Tour de France race. At stake was \$5 million in prize money supposedly owed to Mr. Armstrong for being declared the official winner of that race.

6. Mr. Armstrong’s camp immediately denounced SCA as “shameless,” untruthful, and a cheat. In an effort to intimidate SCA by hurting its business, Mr. Armstrong and defendant Tailwind (aided by Bill Stapleton) took out an advertisement to publically humiliate SCA and to proclaim Mr. Armstrong’s innocence in connection with any drug use. As a result of this ad, SCA lost a substantial amount of business and suffered major reputational damage.

7. Mr. Armstrong stopped at nothing to maintain this fiction. Indeed, he was even willing to lie *under oath* about his drug use. His perjury went well beyond simply denying that

he used performance enhancing drugs. Instead, he lied aggressively, repeatedly, and without remorse under oath in an effort to create the aura that he was a “clean rider.”

8. Under oath (both during his sworn deposition testimony and while testifying live during the arbitration trial), Mr. Armstrong swore to things such as:



Q: (by Tim Herman) We all know you're the official winner of the 2001, '2, '3 and '4 Tour de France. Did you during any one of those four races ever violate the rules of the UCI or the Tour de France event?

A: (by Lance Armstrong): No. *Never*.

*(Arbitration Trial Testimony of Lance Armstrong; Transcript at 1413-1414) (Jan. 2006)*

Q: (by Jeff Tillotson) Okay. But I just want to make sure. It's not that you don't remember whether that – the Indiana hospital room incident occurred. It affirmatively did not take place?

A: (by Lance Armstrong) No, it didn't. How could it have taken place when I've never taken performance-enhancing drugs?

How could that have happened? How many times do I have to say it?

*(Sworn deposition of Lance Armstrong at page 31)(November 2005)*

Q: There has been a suggestion that a research project undertaken by someone in Europe in 2005 revealed the presence of exogenous EPO in urine samples that had been frozen since 1999. You're not a scientist, I understand that, what is your explanation of that?

A: (by Lance Armstrong) Well, when I gave the sample, there was no EPO in the urine. Now, why is it there now or why does the paper say it's there now? I don't know other than pure witch hunt. [ ]

Of course, there is a man in a French lab who says I did it, trust me, it's perfect, it's positive, but I don't believe that. And I can't believe that, because when I gave the sample, *it wasn't there*. [ ]

But I'll *go to my grave* knowing when I urinated in the bottle, it was clean.

*(Arbitration Trial Testimony of Lance Armstrong; Transcript at 1414-1415) (Jan. 2006)*

9. Mr. Armstrong did not have to go all the way to his grave to perpetuate these lies. In fact, he only made it as far as Oprah Winfrey's legendary couch before he acknowledged that the above testimony (and virtually everything else he ever said about being a "clean rider") was a complete lie. Ms. Winfrey showed Mr. Armstrong portions of the same testimony set out above. This time his response was much different:



OW: (showing him a clip of his sworn testimony as detailed above) Would that be your same response today?

LA: **Eh . . . no.** My responses on most of these things are going to be different today.

*Lance Armstrong to Oprah Winfrey on January 14, 2013 (emphasis added).*

10. Indeed, the contrast between his sworn testimony given in the SCA legal proceeding and what he told Ms. Winfrey was stunning. Mr. Armstrong, under questioning from *his own lawyers*, swore under oath during the arbitration trial that he was the "clear" winner of the 2004 Tour de France race. As Mr. Armstrong himself testified to the arbitrators in January 2006:

"I race the bike straight up fair and square."

11. He then turned around and told Ms. Winfrey that all of his sworn testimony was completely false:

"I know the truth. The truth isn't what was out there. The truth isn't what I said, and now it's gone – this story was so perfect for so long . . . I mean it's just this mythic perfect story, *and it wasn't true.*"

*Lance Armstrong to Oprah Winfrey on January 14, 2013 (emphasis added).*

12. Lost in Mr. Armstrong's stunning admission to perjury was the fact that SCA had paid him and Tailwind millions in prize money because he was supposedly the clean rider who was the Official Winner of the 2002-2004 Tour de France races. As Mr. Armstrong testified under oath at his deposition, he was entitled to be paid prize money by SCA only because he complied with the rules and was, as a result, declared the "official winner."

Q: (by Jeff Tillotson) Okay. Is it your belief that in connection with earning the bonuses from Tailwind through winning the Tour de France that you believed you had to comply with the rules of the Tour de France in order to earn those bonuses?

A: (by Lance Armstrong) You have to comply with the rules.

*Deposition of Lance Armstrong at page 117.*

13. During the SCA legal dispute, Mr. Armstrong and his lawyers were so confident that Mr. Armstrong's cheating and failure to comply with "the rules" would never be exposed that they openly conceded that *if he ever was caught and stripped of his Tour de France titles*, he (and Tailwind) would be legally required to refund the SCA prize money pursuant to the parties' agreement.

14. As Mr. Armstrong's chief lawyer explained to the panel of arbitrators during the arbitration trial:

(By Tim Herman) It goes through, obviously you can read it for yourself, but the important – the important provisions here are that this contract is subject to the rules and official results as certified by the official event governing body. **If titles are stripped as a result of official action, then Tailwind agrees to refund any payments made, which is precisely what Tailwind has been saying since this case began. The tribunal can do nothing to alter the liability of Tailwind, which – which applies immediately upon Armstrong becoming the official winner of the respective events.**

*Opening Statement of Tim Herman, counsel for Lance Armstrong and Tailwind, given on January 8, 2006 (Transcript at page 627) (emphasis added).*

15. Mr. Armstrong's wall of deceit started to come crashing down well before he "confessed" to Ms. Winfrey. The first cracks appeared in the fall of 2012 when the United States Anti-Doping Agency (USADA) issued its "Reasoned Decision" ("Decision") charging Mr. Armstrong with the most sophisticated and professional systematic doping scheme in the history of sports.<sup>1</sup> The evidence amassed by USADA was shocking – at least eleven former teammates of Mr. Armstrong admitted and acknowledge that he doped and encouraged them to dope as well. Everyone acknowledged that they had lied about their use of drugs. The USADA Decision also set out numerous instances of Mr. Armstrong's fraudulent and illegal efforts to hide the truth about his conduct, including committing perjury in the SCA dispute, engaging in witness intimidation, attempted bribery, and other unsavory tactics.

16. In the face of this overwhelming evidence, Mr. Armstrong and his cohorts did what they always do – savagely attack their accuser. They sued USADA in federal court (seeking to delegitimize the organization); sought to exert influence over politicians who might help their cause (by asking that politicians to take away USADA's statutory authority) and, in familiar fashion, denounced all of the witnesses amassed by USADA as "liars" and "cheats."

17. But even Lance Armstrong could not cycle up the mountain of evidence gathered by USADA (some of which was provided by SCA). After his legal challenges to USADA failed, he then declined to defend himself in the USADA proceedings.

18. His failure to defend himself was an admission of guilt. As a result, he was stripped of all of his Tour de France titles and ordered to forfeit all prize money or award. No longer the Official Winner of any race, much less the 2002-2004 Tour de France races, Mr. Armstrong and Tailwind were no longer legally entitled to retain any prize money paid to him by SCA. This is because under both the UCI and USADA rules, he was required to forfeit all prize

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<sup>1</sup> Showing his lack of remorse, Mr. Armstrong later admitted to Ms. Winfrey that, while he ran a "professional" and "smart" doping program, it was not as big as the East German doping program of the 1980s.



money, including sums SCA paid him, and because, as he and his lawyers admitted, once Mr. Armstrong was stripped of his Tour de France titles, he no longer could retain SCA money pursuant to the SCA agreement.

19. Completely disgraced, Mr. Armstrong then admitted some of the truth in a much-hyped interview with television personality Oprah Winfrey. In that interview, Mr. Armstrong coldly and without remorse admitted that:

- He had been doping since the mid-1990s (validating SCA's long claimed contention that Mr. Armstrong began a doping program with cyclist Stephen Swart in 1995);
- He had doped during all seven of his Tour de France races (validating SCA's claim that he had doped during the 2002-2004 Tour de France races for which SCA paid him \$9.5 million in prize money);
- He had lied about his doping activities under oath in SCA's legal proceeding; and
- He "bullied" and intimidated anyone and everyone who challenged him, including SCA and the witnesses SCA sought out in its legal proceeding with Mr. Armstrong.

20. Plaintiff SCA is one of the most significant victims of Mr. Armstrong's scheme of deceit. SCA paid Mr. Armstrong \$9.5 million in prize money solely because Mr. Armstrong was the (allegedly clean) official winner of the 2002-2004 Tour de France races.

21. Defendants' illegal conduct subverted the entire judicial process and made a mockery of the legal system. As a result of Mr. Armstrong's lies, SCA went through a judicial process whereby Lance Armstrong and Bill Stapleton both gave sworn testimony that Mr. Armstrong had not cheated in the 2004 Tour de France race or in any other race. Both individuals specifically denied that Lance Armstrong had used any performance enhancing drugs during his career. They testified that it was SCA who was the "reprehensible" party for failing to pay Mr. Armstrong his prize money.



22. The end result of that judicial process was an arbitration award to Mr. Armstrong of \$5 million for being the “Official Winner” of the 2004 Tour de France race and an additional payment by SCA to Mr. Armstrong of \$2.5 million for supposed costs and fees.

23. Mr. Armstrong later claimed to the public that the legal proceedings with SCA and the arbitration award “exonerated him” and demonstrated his “innocence.” In fact, the legal proceedings and the arbitration award touted by Mr. Armstrong were procured by extrinsic fraud on the part of Mr. Armstrong and others.

24. Based on the USADA Decision, Mr. Armstrong has been stripped of all of his titles (including the 2002-2004 Tour de France races) and been ordered to forfeit all prize money.

25. It is time now for Mr. Armstrong to face the consequences of his actions. This includes returning all of the funds paid to him by SCA, which totals more than \$12 million.

## **II. PARTIES**

26. Plaintiff SCA Promotions, Inc. (“SCA”) is a Texas corporation based in Dallas, Texas. The CEO of SCA is Robert Hamman.

27. Defendant Tailwind Sports, Inc. (“Tailwind” or “TSI”) is a Texas corporation with a principal place of business in Austin, Texas. It can be served through its counsel of record, Tim Herman, Howry Breen & Herman LLP, 1900 Pearl Street, Austin, Texas 78705.

28. Defendant Lance Armstrong is a citizen of the State of Texas and resides in Travis County, Texas. He can be served through his counsel of record, Tim Herman, Howry Breen & Herman LLP, 1900 Pearl Street, Austin, Texas 78705.

29. Defendant William Stapleton is a citizen of the State of Texas and resides in Travis County, Texas. He can be served through his counsel of record, Tim Herman, Howry Breen & Herman LLP, 1900 Pearl Street, Austin, Texas 78705.

### **III. JURISDICTION AND VENUE**

30. This Court has personal and subject matter jurisdiction over this lawsuit. All of the defendants reside within the State of Texas and thus the court has personal jurisdiction over them. Further, the amount in controversy exceeds the minimum jurisdictional amount.

31. Venue in Dallas County, Texas is proper pursuant to § 15.002(a)(1) as the events giving rise to this lawsuit arose in this County.

### **IV. FACTS**

#### **A. SCA's Initial Dealings with Lance Armstrong and Tailwind.**

32. Mr. Armstrong was an internationally famous professional cyclist, athlete and media personality. Now disgraced, stripped of all of his racing titles and banned from for life from all competitions, he currently resides in Travis County, Texas.

33. Tailwind Sports, Inc. ("Tailwind" or "TST") is a sports management company also based in Texas. Tailwind served as Mr. Armstrong's management firm during the relevant time period at issue here. Bill Stapleton was the CEO of Tailwind and he served as its representative during its legal dispute with SCA. Unbeknownst to SCA at the time, Mr. Armstrong had an ownership interest in Tailwind.

34. In addition to serving as Tailwind's CEO, Mr. Stapleton is a long-time advisor, lawyer in fact, manager, agent and confidant of Mr. Armstrong. He also resides in Travis County, Texas.

35. SCA sponsors and underwrites promotions, prizes, and other contests. For a fee, SCA will accept the responsibility to pay a monetary prize based on an athlete or competitor's performance in an athletic event.

36. In 2002, SCA, through an intermediary, Kelly Price of ESIX, was approached by Lance Armstrong's management firm (Disson Furst, n/k/a Tailwind) about assumption of the

risk that Lance Armstrong would win prize money (also known as a performance award) from Disson Furst in the event that he won a series of Tour de France races.

37. The prize money was as follows:

- a. If Mr. Armstrong won a fourth straight Tour de France race in 2002, he would be paid \$1.5 million in prize money.
- b. If, after winning the 2002 Tour de France race, he won a fifth straight Tour de France race in 2003, he would be paid another \$3 million in prize money.
- c. And, if after winning the 2002-2003 Tour de France races, he won a sixth straight Tour de France race in 2004, he would be paid another \$5 million in prize money. It was explicitly represented by Ms. Price that this was prize money provided by The US Postal Service Cycling Team.

38. SCA agreed to the arrangement. In exchange, Tailwind paid SCA a fee.

**B. Armstrong Was Secretly Engaged in Pervasive Doping Activities.**

39. Unknown to SCA at the time, Mr. Armstrong already was heavily involved in an illegal doping regime. Mr. Armstrong now concedes that he began doping in the mid-1990s and doped in each of his seven Tour de France “wins.” That means he had doped in his first three Tour de France wins prior to the SCA contract.

40. Mr. Armstrong actively worked to conceal the truth about his drug use from the public, race officials and the various entities with whom he was doing business (such as SCA). Obviously, SCA would have never agreed to any type of contractual relationship with Tailwind or Mr. Armstrong if SCA knew that Mr. Armstrong was cheating. Yet Mr. Armstrong – aided by those closest to him, including Mr. Stapleton – vehemently denied that he used any performance enhancing drugs. He would publically claim that he was “clean,” that he was the “most tested athlete in the world” and that he had never failed a drug test.

41. Mr. Armstrong was the official winner of his fourth straight Tour de France race in 2002. SCA paid him the contractually-mandated prize money of \$1.5 million.

42. Mr. Armstrong was the official winner of his fifth straight Tour de France race in 2003. SCA paid him the contractually-mandated prize money of \$3 million.

43. Mr. Armstrong has now admitted that he cheated during both of those races. However, at the time, Mr. Armstrong engaged in fraudulent activities to hide his drug use.

**C. Defendants Engage In Extrinsic Fraud to Hide Their Illegal Activities From SCA And The Arbitrators.**

44. In 2004, Mr. Armstrong competed for his sixth consecutive Tour de France race win. During the race, author David Walsh published a book called “LA Confidential.” The book contained explosive allegations that Mr. Armstrong had a long history of doping and cheating.

45. Concerned, SCA sought to investigate the allegations. If true, the allegations would mean that SCA had been defrauded by Mr. Armstrong, Tailwind and Mr. Stapleton. Further, if true, the allegations meant that SCA would not be obligated to pay any prize money to Mr. Armstrong because the rules of cycling provided that riders who engage in doping are disqualified automatically if it is established that they used performance enhancing drugs or engaged in blood doping. Admission of such is viewed by virtually every sports governing body, including the UCI, as sufficient to create a presumption of guilt.

46. Mr. Armstrong quickly and vehemently denied Mr. Walsh’s reporting. Mr. Armstrong and his team derided Mr. Walsh as “scum” and called his book “scurrilous trash.” Indeed, Mr. Stapleton took his trashing of David Walsh to extreme levels by testifying under oath to SCA that “with regard to Lance, [David Walsh] loses his professional objectivity and he’s on a mission and a vendetta.” *Testimony of Bill Stapleton at Armstrong Arbitration (January 13, 2006; transcript at 1714)*. Mr. Stapleton was lying. Instead it was Lance Armstrong and Tailwind that “were on a mission and a vendetta” as they sought to destroy David

Walsh, SCA, Betsy Andreu, and anyone else who dared speak the truth about Mr. Armstrong's drug use.

47. Shortly after being declared the official winner of the 2004 Tour de France (his sixth consecutive "win"), Mr. Armstrong and Tailwind *sued* SCA, claiming that Mr. Walsh's allegations were totally false, that SCA was engaging in bad faith tactics, and that SCA was required to pay Mr. Armstrong the \$5 million in prize money, based on Mr. Armstrong being the "official winner" of the 2004 Tour de France race. That case was pending before the 298th District Court of Dallas County. The matter was later referred to arbitration before a panel of three arbitrators.

48. In connection with the SCA dispute, Mr. Armstrong and the other defendants went to extraordinary lengths to conceal the truth from SCA and from the arbitration panel that presided over the case. Those efforts involved numerous instances of extrinsic fraud on the part of Mr. Armstrong, Tailwind and Mr. Stapleton.

49. Their acts of extrinsic fraud included:

- a. Concealing the truth from racing officials about Lance Armstrong's use of performance enhancing drugs;
- b. Pressuring other members of Lance Armstrong's team to use drugs and not reveal that they or Lance Armstrong were cheating;
- c. Bribing or attempting to bribe racing officials and regulatory agencies to not report that he was cheating. For example, Mr. Armstrong made a cash payment to UCI, which was the governing body of cycling, and Mr. Armstrong is reported to have offered a large payment to USADA, according to statements made to 60 Minutes Sport by Travis Tygart, CEO of USADA in a televised interview with Scott Pelley which aired on January 9, 2013.
- d. Taking extraordinary and fraudulent efforts to hide the fact that he had cheated to become the Official Winner of the Tour de France races in 2002-2004.

50. These acts of extrinsic fraud allowed Mr. Armstrong to be declared the official winner of the 2002, 2003, and 2004 Tour de France races. This was the predicate act for SCA to become responsible for paying Mr. Armstrong the required prize money. Hence, the arbitration, subsequent award and settlement agreement were all procured by extrinsic fraud on the part of Defendants.

**D. During The SCA Legal Proceedings, Defendants Confirm that Mr. Armstrong Must Return All SCA-paid Prize Money if He Is Ever Stripped of his Tour de France Titles.**

51. In connection with the SCA dispute, SCA and Defendant Tailwind engaged in an arbitration proceeding. During that arbitration, Mr. Armstrong was deposed and then later testified live before the arbitration panel. The panel consisted of Chairman Richard Faulkner (a neutral arbitrator agreed to by both sides), Ted Lyon, an arbitrator appointed by Tailwind, and Richard Chernick, an arbitrator appointed by SCA.

52. During the proceedings, Defendants advanced three positions that are material to this lawsuit.

53. *First*, Defendants contended (under oath) that Lance Armstrong had *never* used performance-enhancing drugs at any time during his career. Mr. Armstrong gave such testimony repeatedly. Tailwind's CEO, Bill Stapleton, echoed that same claim, also under oath. Even Mr. Armstrong's lawyers argued to the Panel that Mr. Armstrong was a "clean rider."

54. *Second*, Defendants maintained that the arbitration could not adjudicate or otherwise affect the status of Mr. Armstrong as the "Official Winner of the Tour de France." As Defendant's "insurance expert" Joe Longley testified on behalf of Mr. Armstrong:

A: No, the – the liability of Tailwind became clear upon Lance Armstrong being declared the official winner of the 2004 Tour de France. That was the triggering event. Liability became clear at that point. They [SCA] were required to pay within 30 days.

Q: (by Tim Herman) Is there anything that could be litigated or resolved or decided in this proceeding that would ever change that?

A: Nothing, in my opinion. *Under the terms of the agreement, as I understand it, it would have to be the governing body of the Tour de France that would have to strip Lance Armstrong of his title for 2004 in order for that to happen.*

*Testimony of Joe Longley during the Armstrong Arbitration (January 9, 2006; transcript at 1097-98)(emphasis added).* This testimony was echoed by Mr. Armstrong's legal team, who represented to the Arbitration Panel as follows:

(By Tim Herman) Now, in your contract analysis and in your determination who owed what, keep in mind there is nothing in this contract that allows SCA to second guess the official event governing body and there's nothing that allows SCA to withhold payment.

55. Defendant Bill Stapleton reinforced this position when he testified on behalf of Defendant Tailwind as follows:

(By Bill Stapleton) Well, I think the – it's not for me or you or SCA to decide who the official winner of the Tour de France is. As the CEO of Tailwind I've an obligation to pay Lance if he's declared the official winner by the people who declare him the official winner, so the question of whether he can cheat and win or anyone can cheat and win is a question for the UCI or ASO, not really for any of us.

*Testimony of Bill Stapleton during the Armstrong Arbitration (January 13, 2006; transcript at page 1688).*

56. Thus, the central issue that required SCA to pay prize money to Lance Armstrong (and now compels Armstrong to refund it) was his status as "Official Winner." That status was not part of the Arbitration, the agreed arbitration award or the accompanying settlement and was not litigated by the parties. Indeed, according to Defendants, the issue could not be litigated.

57. This is significant because, unknown to SCA, Mr. Armstrong had committed extrinsic fraud on the very organization that had declared him the Official Tour de France champion. Knowing that Mr. Armstrong had defrauded his way into being declared the winner



of the Tour de France race, Defendants nonetheless contended that the determination of him as the “official winner” of the Tour de France race was something that the Arbitration Panel could not adjudicate and could not review.

58. Defendants’ acts of extrinsic fraud resulted in an arbitration award and settlement procured by fraud and deceit. Had SCA – or the Arbitration Panel – known the truth, the arbitration award and settlement would never have been occurred.

59. *Third*, Defendants agreed that if Mr. Armstrong were ever stripped of his Tour de France title(s), he (and Tailwind) would have to give back any prize money that SCA had paid him. As Mr. Armstrong’s lawyer explained to the Panel:

(By Tim Herman) Their [SCA] own understanding at the outset was that if he’s [Armstrong] the official winner, they have to pay, noting that if the titles are stripped, then there’s an obligation to return the money, so – ***and we don’t dispute that.***

*Opening Statement of Tim Herman, counsel for Lance Armstrong and Tailwind, given on January 8, 2006 (Transcript at page 628) (emphasis added).* Indeed, even as Defendants maligned SCA and its positions in the arbitration, they nonetheless conceded that Mr. Armstrong had no basis to retain any prize money paid to him by SCA if Mr. Armstrong were stripped of his titles:

(By Tim Herman) All right. So here we are. You’ve got an absolute – all you’ve got is a bad faith case. There is no way around their liability, because Tailwind is obligated and you can’t – no one can change that, except the UCI. As Mr. Tillotson mentioned in his earlier remarks, the UCI has an investigation going and if they, they’re – they have the authority to strip people of their titles ***and require the repayment of prize money and I agree.*** And if that were to happen, and it could only happen there, then – well Tailwind wouldn’t have repayment to make, I guess, if it hadn’t been paid, but that would be stripped by official action, just as Mr. Hamman said, the only way to recover payments made back on the day this agreement was made.

*Id. at 641 (emphasis added).*

60. As Mr. Armstrong's lawyer explained to the Arbitration Panel, the arbitrators could not review, much less adjudicate, Mr. Armstrong's status as the "Official Winner" of the Tour de France race. However, if any of his titles were ever stripped, then SCA had no payment obligations to Mr. Armstrong or Tailwind:

(By Tim Herman) It goes through, obviously you can read it for yourself, but the important – the important provisions here are that this contract is subject to the rules and official results as certified by the official event governing body. **If titles are stripped as a result of official action, then Tailwind agrees to refund any payments made, which is precisely what Tailwind has been saying since this case began. The tribunal can do nothing to alter the liability of Tailwind, which – which applies immediately upon Armstrong becoming the official winner of the respective events.**

*Id. at 627 (emphasis added).*

61. Bill Stapleton and Tailwind confirmed to the Arbitration Panel that if Lance Armstrong were ever stripped of his Tour de France titles, he would have to refund the money paid to him by SCA. As Bill Stapleton testified under oath at the arbitration trial:

A: (by Bill Stapleton) I think my position and Tailwind's position has been very consistent here, which is we owe Lance \$5 million based on him being the official winner of the [2004] Tour de France. SCA owes us \$5 million to [Tailwind] to indemnify that liability. They [SCA] are – they should feel as free as they want, as anybody, to go to the UCI or the Tour de France and investigate or petition them to change the result, but I can't do anything about what they – who they say won the tour. ***And if some day that result changes, then they are – you know, they can come back to us and/or – or us and – that at that point my position would be that if the results changed, that Tailwind's obligation to Lance didn't exist anymore and, therefore, SCA's liability to Tailwind didn't [exist].***

*Testimony of Bill Stapleton at Armstrong Arbitration Hearing (Transcript at 1776).*

**E. Lance Armstrong Lies Again and Again (and Again) Under Oath.**

62. Confident that Mr. Armstrong would never be stripped of his Tour de France titles, Defendants then proceeded to lie under oath in order to prevail in the arbitration and preserve Mr. Armstrong's public reputation.

63. Stunningly, Mr. Armstrong swore *under oath* on numerous occasions in the SCA legal proceeding that he had never used performance-enhancing drugs. His testimony was deliberate, unequivocal, and without reservation. Some examples include:

Q: (by Jeff Tillotson) You have never taken any performance-enhancing drug in connection with your cycling career?

A: (By Lance Armstrong) Correct.

Q: And that would include any substance that's ever been banned. Is that fair to say?

A: Correct.

Q: Okay. For example, would – would that include that you've used your own blood for doping purposes, for example?

A: Absolutely – that would be banned.

*Deposition of Mr. Armstrong at page 86.*

64. So defiant and deceitful was Mr. Armstrong that he even grew angry at having to answer questions about his doping, retorting once during his deposition that “How many times do I have to say it [that he did not use drugs]?” and “Well, if it can't be any clearer than I've never taken drugs, then incidents like that [admitting to performance enhancing drug use in an Indiana hospital room during his cancer treatment] could never have happened.” *Id.*

65. Mr. Armstrong then repeated those denials under *oath* to the panel of arbitrators in connection with an arbitration trial held in January of 2006. Much of Mr. Armstrong's perjured testimony was solicited by his own lawyers in an effort to prove he was a “clean rider.”

For example, Mr. Armstrong testified to the Arbitration Panel under *oath* as follows:

Q: (By Tim Herman) In 1995, during the season, did you engage in any – well let me just ask you this, first of all. Have you ever engaged in any performance enhancing, any prohibited substances?

A: (By Lance Armstrong) *No, never.*

Q: Ever?

A: *Ever.*

*Sworn Trial Testimony of Lance Armstrong given on January 10, 2006 (Transcript at 1355)*

(emphasis added). Mr. Armstrong denied under oath that he ever engaged in a doping program:

Q: Well, I guess that the basic question is, did you – did you begin an EPO program in 1995?

A: The answer is no.

*Id. at 1356.*

Instead, Mr. Armstrong and his lawyers attributed his success to such factors as hard training and that his cancer “changed [his] body type.” *Id. at 1367.* In fact, Mr. Armstrong denied *under oath* every single episode of doping or the use of performance-enhancing drugs.

He even denied a 1999 episode of a back-dated prescription:

Q: (By Tim Herman) It has been suggested by some that you scurried around and got a post dated or predated prescription for your topical cream; is that true?

A: (By Lance Armstrong) Not – no, not true.

*Id. at 1370.*

66. Virtually every word of Mr. Armstrong (and Mr. Stapleton’s) testimony was false. On January 14, 2013, in his interview with Oprah Winfrey, Mr. Armstrong admitted that he had lied under oath during the SCA legal proceeding. For example, he told Oprah Winfrey that he *did* begin a doping program in 1995:

Q: (by Ms. Winfrey): So when did you first start doping?

\* \* \*

A: (by Lance Armstrong): Mid 90s.

He admitted that he doped in every Tour de France race he ever won:

Q: (by Ms. Winfrey) Yes or no, in all seven of your Tour de France victories, did you ever take banned substances or blood dope?

A: Yes.

He admitted that he lied under oath about his relationship with Dr. Ferrari, who was his doping doctor. He even admitted he lied about the back dated prescription incident.

- Q: (by Oprah Winfrey): What about the story that Emma O'Reilly tells about the cortisone and you having the cortisone back-dated? Is that true?
- A: (by Lance Armstrong): That is true.

67. Mr. Armstrong also lied without remorse and was even dismissive of the entire arbitration proceeding itself, which he called "*this stuff*":

- A: (by Lance Armstrong). This room. This stuff that we have to listen to, this stuff that the Panel is going to have to listen to. It's not true, it's not fair, it's not morally responsible and it would ultimately, you know, if this Courtroom was on CSPAN or was on CNN or Court TV it would have a drastic effect on what I'm trying to do off the bike. And, of course, this is not – that's not the case fortunately but I'm personally offended by that.

*I race the bike straight up fair and square.*

*Id. at 1398 (emphasis added).*

68. Today, Mr. Armstrong tells a different, far more pathetic story. He admits he doped; he admits he bullied people; and he admits that he lied. In trying to explain his own pain over these admissions, Mr. Armstrong even teared up when "confessing" to Oprah Winfrey that telling the "truth" to his children was difficult. Yet, illustrating the depths he sunk to in order to mislead SCA and the Arbitration Panel during the SCA arbitration proceeding, Mr. Armstrong had no problem using those same children to *support* his lies. Again, *under oath*, Mr. Armstrong told the Arbitration Panel that as "proof" he did not dope, he would encourage his own son to become a cyclist like his "clean" father:

- A: (By Lance Armstrong) But at the end of the day, -- literally at the end of the day I sleep like a baby and that's what's most important. And if my kid tomorrow said, dad I want to be a biker, which I think is even more important, I would say, great, go for it. So how could I put my son into this completely dark, dirty underworld of deceit and deception and fraud would make no sense to me. I would never do that; but I would put him on the bike tomorrow.

*Id. at 1372.*

And Mr. Armstrong then invoked his children again to justify to the Arbitration Panel that his testimony was truthful because:

A: (By Lance Armstrong) But this is worth fighting for and I'll tell you what, when my kids are 20 and they say dad, why weren't you there January 10th of 2006 [the day he was testifying] well, because, this is worth fighting for.

*Id. at 1374.*

69. Mr. Stapleton, who is and was Mr. Armstrong's agent, confidant, attorney-in-fact, manager and advisor, and former CEO of Tailwind also firmly denied under oath that he had any knowledge of Mr. Armstrong using performance enhancing drugs. For example, Mr. Stapleton swore under oath that:

A: (Bill Stapleton) I don't have any – I don't worry about it [allegations of drug use by Lance Armstrong]. I don't lose any sleep over whether a company is going to cancel a contract because someone's proved that he's a doper, because it's not going to happen, because it's not true.

*Testimony of Bill Stapleton during Armstrong Arbitration (January 13, 2006; transcript at 1718).*

70. Mr. Stapleton made it clear to the arbitration panel, under oath, that he knew Mr. Armstrong intimately and had direct fact-based knowledge that Mr. Armstrong had never used performance enhancing drugs. For example, he told the Arbitration Panel that:

"I've had ten years of experience day-to-day with Lance that confirms it for me [that Lance did not do drugs.] I've been inside the – inside the circle. I've been inside the team. So my own personal opinion and my own personal investigation is that he's clean."

*Id. at 1787.*

71. In fact, Mr. Stapleton testified that he was *so close* to Lance Armstrong that it was "*impossible* for me to believe that that [drug use by Armstrong] could go on without my knowledge." *Id. at 1788.* As he explained under oath:

Q: (By Tim Herman) Is there any conceivable way that Mr. Armstrong could have used performance enhancing substances without you know it, and if not, why not?

A: (By Bill Stapleton) There – I have spent 11 years with Lance. I've seen it all. I'm with him, you know, every public appearance we do. I'm at the Tour the entire

time. I've been to France when he lived over there, many times visited with him and his family. It is inconceivable to me that that would be going on and I wouldn't know about it. It just can't be true.

72. Mr. Stapleton went even further, testifying that he was so confident that Mr. Armstrong did not do drugs that he privately (and publically) assured sponsors that Mr. Armstrong was totally clean. For example, he breathlessly described for the Panel how he secretly met executives of Coca-Cola in 2000 and "looked them in eyes" and "gave them his word" that Lance was clean. *Id. at 1710*. As he testified under oath to the Panel:

A: You're getting to the same place, except the conversations with the sponsors is much more in depth, but the conclusion is the same, Lance doesn't take drugs. I would say that to a sponsor, I would say that to the public because that's the truth.

*Id. 1793*.

73. The sworn testimony of Lance Armstrong and Bill Stapleton was false. Both Mr. Armstrong and Mr. Stapleton knew they were giving false testimony and knew they were misleading others in doing so. They both lied in a legal proceeding in order to gain a financial benefit.

74. Defendants also sought to pressure and intimidate witnesses who wanted to reveal the truth about Mr. Armstrong. One, among many examples, was Mr. Armstrong's telephone call with one witness the day before her deposition. Mr. Armstrong spoke to her to supposedly "help" her with a neighbor. Thereafter, the witness denied that she had heard Mr. Armstrong admit to doctors in the Indiana University Hospital that he had used performance enhancing drugs. Later, a tape recording of this witness revealed that her testimony was not truthful and that she likely was intimidated by Mr. Armstrong.

75. Based on the arbitration and Mr. Armstrong's status as Official Winner of the 2004 Tour de France race, SCA paid the contractually required \$5 million prize money to Mr. Armstrong for being the Official Winner of the 2004 Tour de France, along with \$2.5 million in



interest and costs. This means SCA paid Mr. Armstrong more than \$12 million in prize money for his supposedly winning a fourth, fifth and sixth straight Tour de France races. The prize money for the 2004 Tour de France race was paid pursuant to an arbitration award issued by the Panel and a supposed “settlement” agreement between the parties.

76. Notably, SCA’s prize money payments for the 2002 and 2003 Tour de France races were not part of the arbitration award or any settlement.

77. The reality is that Mr. Armstrong engaged in extrinsic fraud to be declared the official winner of those Tour de France titles. That fraud precluded SCA and the Arbitration Panel from rendering a valid award.

78. SCA was prevented from discovering any act of extrinsic fraud because (a) SCA had no ability to investigate the Tour de France and its practices; (b) Defendants actively concealed the truth; (c) Defendants maintained that the arbitration process had no ability or jurisdiction to consider or review the actions of the Tour de France, USADA or the UCI; and (d) Defendants were committing fraud on third parties outside of the arbitration process. For example, Armstrong likely bribed or sought to bribe regulatory officials and even witnesses.

79. The fraudulent acts undertaken by Defendants nonetheless resulted in an arbitration process, award, and settlement that was procured by extrinsic fraud. The fraudulent activities of Defendants concealed the truth and led to a fraudulent result.

**F. Armstrong Maintains That He “Won” The Arbitration And There Was No Settlement.**

80. At the time, Mr. Armstrong maintained publicly that he “won” the arbitration, based on the arbitration award. He made no mention of any settlement and, in fact, denied that he had “settled” any claims.

81. His public statement at the time were clear:

“It’s over. We won. They lost. I was yet again completely exonerated.”

*Statement of Lance Armstrong on February 8, 2006.*

82. Mr. Armstrong and his lawyers denied they “settled” with SCA. Instead, Mr. Armstrong publicly claimed that “I recently *won a major arbitration*, defeating allegations of performance enhancing drugs after a three week trial.” *See Statement released by Lance Armstrong in February 2006. (Emphasis added)*

83. Amazingly Mr. Armstrong and Defendants claimed that the Arbitration Panel heard the “evidence” (including his perjured testimony) and had found for him. As Mr. Armstrong proclaimed:

“Several accusations made the subject of prior rumors were fully and finally considered by an impartial panel, which heard many witnesses under oath. After years of litigation and three weeks of trial and having considered the evidence and testimony the panel ordered the insurance company to pay not the \$5 MM owed but that \$5 MM and an additional \$2.5 MM, which confirms the baseless nature of the allegations. The allegations were rejected.”

*Statement of Lance Armstrong, February 2006.*

84. Thus, not only did Lance Armstrong commit perjury in an effort to mislead the Arbitration Panel but he then used the Arbitration Panel’s “award” to justify his own wrongful conduct.

85. Today, having been exposed as a liar, Lance Armstrong has changed his story again and now claims that he “settled” with SCA. He never mentions the arbitration award or the fact that he committed perjury to obtain it.

86. Even after the arbitration, Defendants continued to engage in fraudulent conduct in an effort to conceal the truth about Mr. Armstrong’s illegal doping activities. Mr. Armstrong continued to cast anyone who sought to reveal the truth as a liar.

87. As a result, the fraud committed by Mr. Armstrong could not have been discovered by Plaintiff until he (Mr. Armstrong) admitted to some wrongful activities during his interview with Oprah Winfrey.

88. But even during that interview, Mr. Armstrong still was not fully truthful. He maintained the untrue position that he did not dope in the 2009 and 2010 Tour de France races. He also denied that effectively bribed the UCI and tried to bribe USADA.

**G. Lance Armstrong's Stunning Downfall.**

89. In the fall of 2012, USADA released its Reasoned Decision. That document provided an amazing account of deceptive and illegal conduct by Lance Armstrong. The Reasoned Decision found that:

- a. Mr. Armstrong had used performance-enhancing drugs since the mid-1990s.
- b. Mr. Armstrong had repeatedly lied about his actions regarding his drugs use.
- c. Mr. Armstrong had lied under oath in the SCA proceeding.
- d. Mr. Armstrong had pressured other teammates to use drugs.
- e. Mr. Armstrong had forced others to lie about their and his drug use.
- f. Mr. Armstrong had tried to bribe racing officials in order to hide his drug use. These attempts to bribe in the case of USADA were characterized as offers of "donations." In the case of the UCI, actual cash payments that were characterized as donations were made. Other suspiciously timed donations were made to institutions whose personnel may have been able to testify regarding relevant information which might have affected the arbitration. There was a \$1 million donation to the Indiana University hospital in 2005.

90. Mr. Armstrong had claimed in the SCA legal process that only USADA and the UCI could determine whether Mr. Armstrong had complied with the rules of racing in winning the Tour de France races. When charged by USADA, however, Mr. Armstrong suddenly reversed course and claimed that USADA had no authority over him.

91. Mr. Armstrong's challenge to USADA's jurisdiction was rejected by a federal court.

92. With no more legal options, Mr. Armstrong elected not to contest the USADA charges. The UCI and WADA ultimately accepted USADA's Reasoned Decision.

93. As a result, Mr. Armstrong was stripped of all of his racing titles, including his Tour de France titles. Accordingly, Mr. Armstrong is not the official winner of the 2002-2004 Tour de France races.

94. Mr. Armstrong has no legal right to retain any prize money paid to him by SCA because he is not the official winner of any Tour de France titles. In fact, his own legal team conceded at the arbitration hearing that he would be required to refund all SCA payments if he was stripped of his titles. He has been stripped of those titles and is now required to refund the SCA payments.

95. In addition, USADA ordered that Mr. Armstrong had to forfeit all prize money and awards earned in connection with his vacated racing titles. SCA's payments to Mr. Armstrong are prize money and/or performance awards paid to him for winning the 2002-2004 Tour de France races.

96. Accordingly, Mr. Armstrong is required to forfeit all prize money and/or awards paid to him by SCA for the 2002-2004 Tour de France races.

#### **H. Lance Armstrong Finally "Confesses."**

97. Now disgraced, Mr. Armstrong finally sought to come forward and admit his illegal activities. Describing his cycling career as "one big lie repeated over and over" he admitted to using performance enhancing drugs throughout his entire career.

98. In an interview given to TV personality Oprah Winfrey, Mr. Armstrong admitted in the *first* minute of the program what he had been denying for almost 20 years:

Oprah Winfrey: Did you ever take banned substances to enhance your cycling performance?

Lance Armstrong: Yes.

OW: Was one of those banned substances EPO?

LA: Yes.

OW: Did you ever blood dope or use blood transfusions to enhance your cycling performance?

LA: Yes.

OW: Did you ever use any other banned substances such as testosterone, cortisone or Human Growth Hormone?

LA: Yes.

OW: In all seven of your Tour de France victories, did you ever take banned substances or blood dope?

LA: Yes.

OW: Was it humanly possible to win the Tour de France without doping, seven times?

LA: Not in my opinion. I didn't invent the culture, but I didn't try to stop the culture.

**FIRST CAUSE OF ACTION  
(VACATING AWARD AND SETTLEMENT AGREEMENT  
AS PROCURED BY FRAUD)**

99. SCA re-alleges and incorporates as if set forth fully herein all of the foregoing paragraphs.

100. Defendants engaged in numerous acts of extrinsic fraud as described above.

101. Those acts resulted in a fraudulent legal proceeding with SCA.

102. SCA was unable to discover the fraud because it was extrinsic in nature and because Defendants actively concealed it.

103. Defendants maintained in the legal proceeding with SCA that only outside entities such as USADA and the UCI could adjudicate whether Mr. Armstrong had properly been declared the official winner of the 2002-2004 Tour de France races.

104. SCA and the Arbitration Panel were unaware that Defendants had actively engaged in fraud with respect to those regulatory bodies. SCA could not have uncovered this fraud in the legal proceeding, the arbitration, the settlement, or in connection with the arbitration award.

105. Defendants' extrinsic fraud resulted in an arbitration process, award and settlement procured by extrinsic fraud and malfeasance. Mr. Armstrong was able to successfully hide his illegal use of performance enhancing drugs from SCA and the arbitrators.

106. Had the truth been known, Mr. Armstrong would not have been declared the official winner of the 2002-2004 Tour de France races. Further, SCA would not have been obligated to pay prize money to Mr. Armstrong.

107. Based on Defendants' conduct, SCA requests that (a) the arbitration award issued by the panel be vacated; (b) that any settlement be vacated; (c) that Mr. Armstrong be required to return and disgorge any money paid to him by SCA and (d) for other damages as suffered by SCA.

#### **SECOND CAUSE OF ACTION (DISGORGEMENT AND RETURN OF PRIZE MONEY)**

108. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

109. USADA is the organization responsible for investigating, arbitrating and sanctioning violations of the drug use policies of The World Anti-Doping Agency policies by US athletes. This includes Lance Armstrong as a professional cyclist and athlete.

110. USADA conducted an investigation of Lance Armstrong and gathered overwhelming evidence that Mr. Armstrong was a pervasive user of performance enhancing drugs during his professional career.

111. USADA presented those charges to Mr. Armstrong. He declined to answer or fight the charges. Under accepted USADA rules, that meant Mr. Armstrong was found guilty of all of the allegations asserted against him.

112. Mr. Armstrong has since admitted to using illegal performance enhancing drugs during his career and in connection with his Tour de France racing “wins.”

113. As part of the punishment assessed against Mr. Armstrong, he was ordered to forfeit all prize money. This includes the prize money paid to him by SCA for being declared to official winner of the 2002-2004 Tour de France races.

114. As a result, Mr. Armstrong must return to SCA the following:

- a. The \$1.5 million in prize money paid to him in connection with the 2002 Tour de France race.
- b. The \$3 million in prize money paid to him in connection with the 2003 Tour de France race.
- c. The \$7.5 million in prize money paid to him in connection with the 2004 Tour de France race.

20. This prize money has been forfeited by Mr. Armstrong according to USADA’s Reasoned Decision and Mr. Armstrong’s failure to contest those findings.

115. As a result, Mr. Armstrong and the other defendants are required to return all prize money paid to them by SCA.

116. Further, Mr. Armstrong and Tailwind have conceded that they have no right to keep any prize money paid by SCA if Mr. Armstrong was stripped of his Tour de France titles.

117. He has now been stripped of those titles and is no longer the Official Winner of any Tour de France event.

118. As a result, Mr. Armstrong must return and/or forfeit all prize money or awards paid to him.

119. Similarly, Tailwind has no obligation to pay Mr. Armstrong any prize money or performance awards. Accordingly, Tailwind must return all funds paid to it by SCA.



**THIRD CAUSE OF ACTION  
(CIVIL CONSPIRACY)**

120. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

121. Defendants acted in concert in order to accomplish an illegal purpose.

122. The members of the conspiracy are Mr. Armstrong, Mr. Stapleton and Tailwind.

123. The object of the conspiracy was to defraud SCA and other third parties regarding Mr. Armstrong's rampant drug use. The conspiracy continued up until Monday, January 14, 2013 when Mr. Armstrong finally admitted that he had lied during the last decade and in fact used performance enhancing drugs.

124. SCA was damaged by this conspiracy in an amount no less than \$12 million.

**FOURTH CAUSE OF ACTION  
(CIVIL SANCTIONS AND CONTEMPT)**

125. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

126. Lance Armstrong and William Stapleton purposefully and intentionally gave false testimony in connection with SCA's legal proceeding.

127. Among other false testimony, Mr. Armstrong testified that he had never used performance-enhancing drugs. Mr. Armstrong knew such testimony was false when he gave it. He gave false testimony on purpose and without remorse.

128. Mr. Stapleton also gave false testimony in the SCA legal proceeding.

129. Among other false testimony, Mr. Stapleton lied under oath about whether Mr. Armstrong used performance enhancing drugs. He also lied about whether he heard Mr. Armstrong tell doctors in an Indiana hospital room that he had used performance enhancing drugs. Mr. Stapleton knew such testimony was false when he gave it.

130. Mr. Armstrong and Mr. Stapleton gave this false testimony knowingly and with intent to mislead the opposing parties, the court and the arbitrators.

131. The false testimony has injured the public at large because it allowed Mr. Armstrong to perpetuate the falsehood that he never cheated during his professional career. That overall impression (and the false testimony given by Mr. Armstrong) caused SCA to be subject to scorn and ridicule. Further, SCA paid Mr. Armstrong more than \$12 million in part because of his false testimony.

132. Further, the false testimony given by Mr. Armstrong and Mr. Stapleton has damaged the judicial system and integrity of the litigation process.

133. Under this Court's power, Mr. Armstrong and Mr. Stapleton should be held in contempt and sanctioned in an appropriate amount.

134. Alternatively, the Court should direct the Arbitration Panel to consider and assess sanctions against Tailwind, Mr. Armstrong, and Mr. Stapleton for their perjury.

135. Defendants should not be allowed to profit from their false testimony. This court should sanction them in an amount equal to (a) all prize money paid by SCA to Mr. Armstrong and (b) all legal fees incurred by SCA in its legal proceedings with Mr. Armstrong and Defendants.

**FIFTH CAUSE OF ACTION  
(UNJUST ENRICHMENT)**

136. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

137. Lance Armstrong was paid more than \$12 million in prize money by SCA.

138. That prize money was paid because Mr. Armstrong supposedly was the official winner of the 2002-2004 Tour de France races and had not cheated to obtain those wins.

139. In fact, Mr. Armstrong cheated to obtain those titles.

140. He has been caught and is now no longer the official winner of any Tour de France race. He has admitted that he cheated and that the SCA prize money is ill-gotten gain.

141. As a result, it would be unjust for Mr. Armstrong to retain the benefit of prize money paid to him by SCA. That money must be returned to SCA.

**SIXTH CAUSE OF ACTION  
(BREACH OF CONTRACT)**

142. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

143. SCA had a contract with Defendant Tailwind to pay Lance Armstrong prize money if he was the official winner of the 2002, 2003 and 2004 Tour de France races.

144. Mr. Armstrong is not the official winner of those races yet has continued to keep the prize money.

145. Tailwind is in breach of its agreement with SCA because it is not entitled to keep or possess any prize money.

146. SCA has been damaged in an amount of no less than \$12 million.

**SEVENTH CAUSE OF ACTION  
(MONEY HAD AND RECEIVED)**

147. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

148. Lance Armstrong has received money from SCA that in good conscience and equity he must not retain.

149. Lance Armstrong committed perjury and fraud to obtain money from SCA.

150. Lance Armstrong should not be allowed to retain those funds in equity and consequence.

151. The fraudulent conduct proving that Lance Armstrong should not be allowed to keep funds paid by SCA arose when Lance Armstrong admitted he had lied about his drug use.

152. SCA has been damaged by an amount of no less than \$12 million.

**EIGHTH CAUSE OF ACTION  
(ALTER EGO)  
(AGAINST LANCE ARMSTRONG)**

153. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

154. Mr. Armstrong is the alter ego of Tailwind. There is no separation between him and Tailwind. The acts of Tailwind were, in fact, directed, authorized, and sponsored by Lance Armstrong. No formalities were recognized or followed by Tailwind.

155. As a result, Mr. Armstrong is liable for all of the acts of Tailwind and vice versa.

**NINTH CAUSE OF ACTION  
(FOR APPOINTMENT OF A RECEIVER OVER TAILWIND)**

156. SCA re-alleges and incorporates the foregoing allegations as if fully set forth herein.

157. Tailwind is no longer a fully-operating company or business.

158. Tailwind has no known significant assets except for its claim against Lance Armstrong for the return of prize money that Tailwind received from SCA and paid to Lance Armstrong.

159. Tailwind is not in a position to seek recovery of those funds from Mr. Armstrong because Mr. Armstrong exercises undue influence over Tailwind and its affairs.

160. Armstrong and Tailwind now have adverse interests.

161. The Court should appoint a receiver over Tailwind in order to protect the sole asset it has (its claim against Armstrong).

162. SCA is the major creditor of Tailwind and a receiver is necessary to protect its claims and interests.

163. Pursuant to Tex. Civ. Prac. & Rem. Code § 64.001, this Court should appoint a receiver over Tailwind.

#### **V. ATTORNEYS' FEES**

164. SCA re-alleges and incorporates the foregoing allegations as it fully set forth herein.

165. SCA seeks recovery of its reasonable and necessary attorneys' fees, costs, and expenses through trial and all appeals pursuant to Texas Civil Practice and Remedies Code § 38.001(8).

#### **VI. JURY DEMAND**

166. Plaintiff demands a trial by jury.

#### **VII. CONDITIONS PRECEDENT**


167. All conditions precedent to Plaintiff's claims for relief have been performed or have occurred.

#### **VIII. PRAYER FOR RELIEF**

Considering the premises, Plaintiff requests that this Court, upon final hearing, enter judgment against Defendants for the following relief:

- (1) Damages in an amount to be determined at trial;
- (2) Reasonable and necessary attorneys' fees in an amount to be determined at trial;
- (3) Costs of suit incurred herein; and
- (4) Such other and further relief in law or in equity to which Plaintiff may be justly entitled.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jeff M. Tillotson, P.C.", is written over a horizontal line.

Jeffrey M. Tillotson, P.C.

Texas Bar No. 20039200

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